Public Accounts

of the province of

Prince Edward Island

Volume I
Financial Statements

For the Year Ended March 31st

2005

106-02235/

Public Accounts

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Prince Edward Island

Volume I

Financial Statements

For the Year Ended March 31st

2005

To His Honour
The Honourable J. Léonce Bernard
Lieutenant-Governor of the Province of
Prince Edward Island

May It Please Your Honour:

The undersigned has the honour to submit herewith the Public Accounts of the Province of Prince Edward Island for the fiscal year ended March 31, 2005.

Respectfully submitted,

Mitch Murphy

Hon. Mitch Murphy
Provincial Treasurer

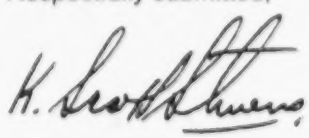
Office of the Provincial Treasurer
Charlottetown, Prince Edward Island

To the Honourable Mitch Murphy
Provincial Treasurer

Sir:

I have the honour to submit herewith the Public Accounts of the Province of Prince Edward Island for the fiscal year ended March 31, 2005.

Respectfully submitted,



K. Scott Stevens, C.G.A.
Comptroller

Office of the Comptroller
Charlottetown, Prince Edward Island

Province of Prince Edward Island

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Introduction

The consolidated financial statements of the Province of Prince Edward Island are presented through the publication of the Public Accounts, Volume I. These statements consolidate the financial statements of the Province's Operating Fund with the financial statements of Agencies, Boards and Crown Corporations owned or controlled by the Province of Prince Edward Island.

The consolidated financial statements, and Operating Fund financial statements, are prepared on the accrual basis of accounting in accordance with the Public Sector Accounting Board standards of the Canadian Institute of Chartered Accountants. Other significant accounting policies used by the Province are described in the Notes to Financial Statements. The statements are prepared by the Comptroller and are audited by the Auditor General, who presents an annual report to the Legislative Assembly on the results of his audit.

The Public Accounts for the Year Ended March 31, 2005 consists of two volumes:

Volume I - Financial Statements presents the audited consolidated financial statements of the Provincial reporting entity as described in Note 1 to the financial statements.

Volume II - Operating Fund Financial Statements, Details of Revenues and Expenditures and Financial Statements of Agencies and Crown Corporations presents the audited financial statements of the Operating Fund, the unaudited details of revenues and expenditures of the Operating Fund and a reproduction of the available audited financial statements of the Agencies, Boards and Crown Corporations owned or controlled by the Province. Volume II can be ordered through the Province's web site.

The Public Accounts of the Province are tabled in the Legislative Assembly in accordance with Section 61 of the *Financial Administration Act*.

Internet Address - Volumes I and II of the Public Accounts are available on the Province's Website at:

http://www.gov.pe.ca/publications

Government of the Province of Prince Edward Island

Statement of Responsibility

Responsibility for the integrity, objectivity and fair presentation of the consolidated financial statements of the Province of Prince Edward Island rests with the Government. The financial statements are prepared by the Comptroller in accordance with the stated accounting policies of the Government as described in Note 2 of the financial statements.

These financial statements include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations, a Consolidated Statement of Change in Net Debt, a Consolidated Statement of Cash Flows and notes and schedules integral to the statements. Together, they present fairly, in all material respects the Government's financial position at the fiscal year end and results of operations for the year ended March 31, 2005. More detailed information regarding the Government's financial position and operating results can be found in other sections of either Volume I or Volume II.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained.

On behalf of the Government

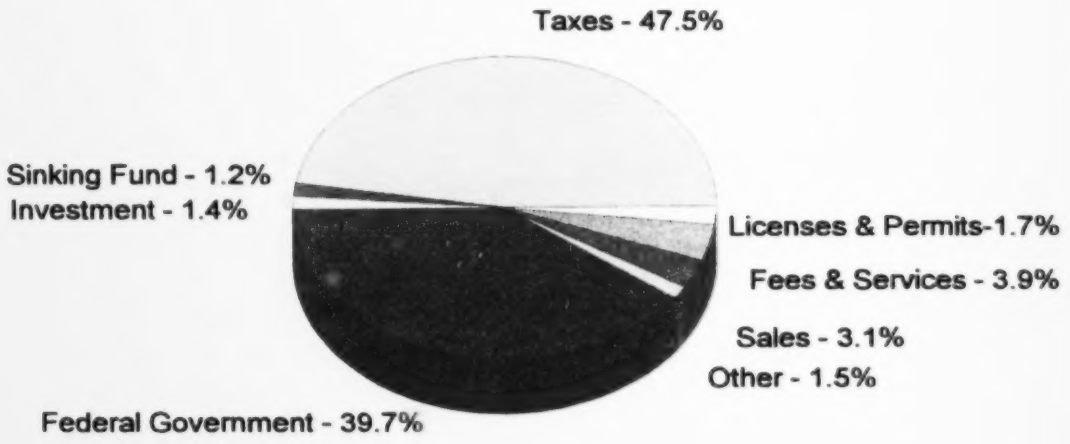
Mitch Murphy

Hon. Mitch Murphy
Provincial Treasurer

December, 2005

Revenue

Consolidated Financial Statements

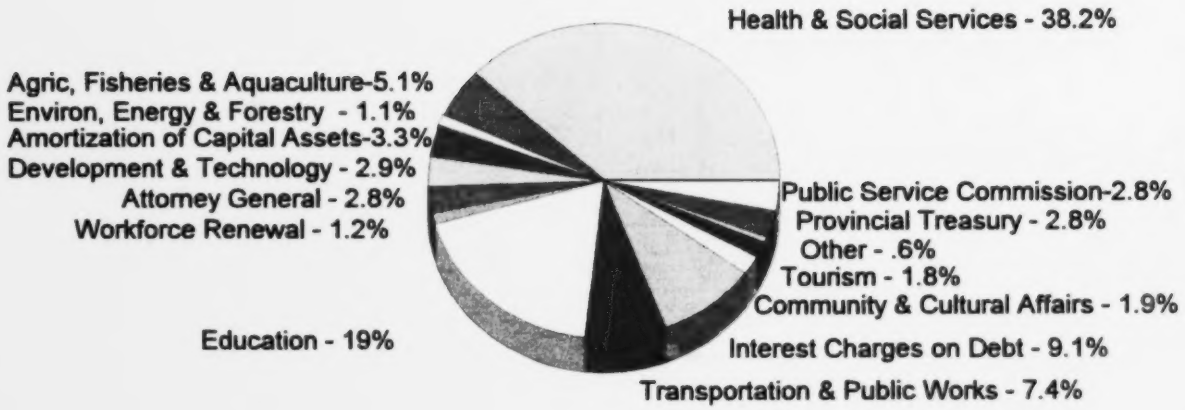


Total revenue for the Province in 2004/05 was $1.1 billion, an increase of $94.7 million over the previous year.

Increases were mainly in Federal Government ($56.5 million) and Taxes ($26.1 million).

Expense by Ministry

Consolidated Financial Statements

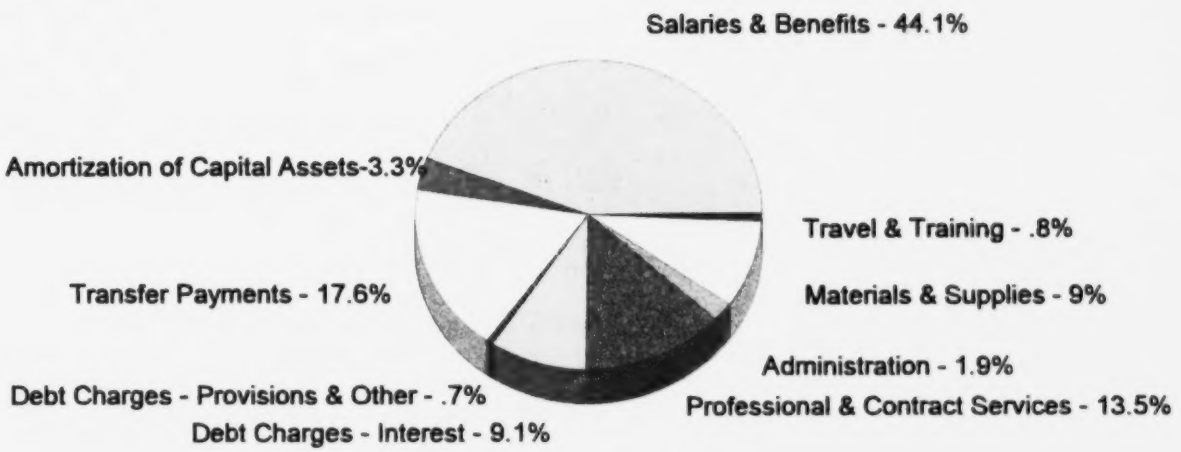

Health & Social Services - 38.2%
Agric, Fisheries & Aquaculture-5.1%
Environ, Energy & Forestry - 1.1%
Amortization of Capital Assets-3.3%
Development & Technology - 2.9%
Attorney General - 2.8%
Workforce Renewal - 1.2%
Public Service Commission-2.8%
Provincial Treasury - 2.8%
Other - .6%
Tourism - 1.8%
Community & Cultural Affairs - 1.9%
Education - 19%
Interest Charges on Debt - 9.1%
Transportation & Public Works - 7.4%

Total expense for the Province in 2004/05 was $1.15 billion, an increase of $3.2 million over the previous year.

Increases were mainly in Health and Social Services ($19.1) million, Agriculture, Fisheries and Aquaculture ($18.9 million) and Workforce Renewal Program ($14.1 million). Increases in expenses were partly offset by decreases in Provincial Treasury ($18.7 million), Public Service Commission ($18.5 million) and Development and Technology ($8.6 million).

Expense by Object

Consolidated Financial Statements


Salaries & Benefits - 44.1%
Amortization of Capital Assets-3.3%
Travel & Training - .8%
Transfer Payments - 17.6%
Materials & Supplies - 9%
Administration - 1.9%
Debt Charges - Provisions & Other - .7%
Professional & Contract Services - 13.5%
Debt Charges - Interest - 9.1%

Total expense for the Province in 2004/05 was $1.15 billion, an increase of $3.2 million over the previous year.

Increases were mainly in Professional and Contract Services ($29.5 million). Increases in expenses were partly offset by decreases in Debt - Provisions and Other ($16.7 million) and Materials and Supplies ($10.7 million).

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Prince Edward Island

I have audited the consolidated statement of financial position of the Province of Prince Edward Island as at March 31, 2005 and the statement of operations, change in net debt and cash flows for the year then ended. These statements are the responsibility of Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Province of Prince Edward Island as at March 31, 2005 and the results of its operations, the change in net debt and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for governments as recommended by The Canadian Institute of Chartered Accountants.

Additional information and comments on the financial statements are included in my Annual Report to the Legislative Assembly.

Colin Younker, CA
Auditor General

Charlottetown, Prince Edward Island
January 16, 2006

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Financial Position
as at March 31, 2005

Schedule		2005 ($000)	2004 ($000)
	FINANCIAL ASSETS		
1	Cash and Short Term Deposits	52,145	12,437
2	Accounts and Taxes Receivable	123,230	115,204
3	Treasury Advances	591	586
4	Property Holdings	1,543	27,082
5	Investments	3,459	3,735
6	Investment in Government Business Enterprises	7,190	3,343
7	Sinking Fund and Debt Reduction Fund	188,641	221,673
8	Loans Receivable	204,423	201,364
9	Deferred Charges	69,159	54,948
	Total Financial Assets	**650,381**	**640,372**
	LIABILITIES		
10	Deferred Revenue/Credits	35,226	14,621
11	Accounts Payable	178,508	188,281
12	Accrued Liabilities	54,065	52,450
13	Short Term Loans Payable	85,000	210,000
14	Obligation Under Capital Leases	5,555	5,848
15	Loans Payable	51,883	54,538
16	Pension, Retirement and Other Obligations	286,493	277,384
17	Debentures	1,283,192	1,149,819
	Total Liabilities	**1,979,922**	**1,952,941**
	NET DEBT	**1,329,541**	**1,312,569**
	Non-Financial Assets		
18	Tangible Capital Assets	560,994	577,828
19	Prepaid Expenses	4,069	4,824
20	Inventories	3,559	-
		568,622	582,652
	Accumulated Deficits	**760,919**	**729,917**
	Supplementary Information (see schedules)		
21	Trust Funds		
22	Guaranteed Debt		

Change in accounting policy - Note 3

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Operations
for the year ended March 31, 2005

Schedule		2005 Unaudited Revised Estimates ($000)	2005 Actual ($000)	2004 Actual ($000)
	REVENUE			
25	Taxes	524,618	530,197	504,086
26	Licenses and Permits	17,239	18,758	17,910
27	Fees and Services	40,440	43,919	38,397
28	Sales	40,712	34,803	36,029
29	Investment	13,246	15,170	14,696
30	Other Income	12,773	12,581	11,810
31	Government of Canada	403,181	443,512	386,961
6	Government Business Enterprises	(74)	3,847	(3,165)
7	Sinking Fund Earnings	13,975	13,352	14,707
	Total Revenue	**1,066,110**	**1,116,139**	**1,021,431**
	EXPENSE			
32	Agriculture, Fisheries and Aquaculture	47,270	58,363	39,430
33	Attorney General	32,415	32,565	32,607
	Auditor General	1,259	1,231	1,128
34	Community and Cultural Affairs	30,909	22,117	24,467
35	Development and Technology	36,088	33,694	42,263
36	Education	220,485	218,386	216,542
37	Environment, Energy and Forestry	12,651	12,335	12,870
	Executive Council	2,773	2,698	3,067
38	Health and Social Services	437,461	438,580	419,501
	Legislative Assembly	3,480	3,411	4,193
39	Provincial Treasury	32,062	32,058	50,794
40	Public Service Commission	16,576	32,327	50,800
41	Tourism	22,173	20,372	19,876
42	Transportation and Public Works	79,363	84,834	85,817
	Total Program Expense	**974,965**	**992,971**	**1,003,355**
	Interest Charges on Debt	109,404	104,922	106,475
18	Amortization of Tangible Capital Assets	24,318	37,718	36,718
	Program Review	(9,500)	-	-
	Workforce Renewal Program	-	14,115	-
	Total Expense	**1,099,187**	**1,149,726**	**1,146,548**
	ANNUAL SURPLUS (DEFICIT)	**(33,077)**	**(33,587)**	**(125,117)**
	Accumulated Surplus (Deficit), Beginning of Year		(729,917)	(604,800)
	Adjustment for Accounting Change, Inventory Inclusion (Note 3)		2,585	-
	Accumulated Surplus (Deficit), End of Year		**(760,919)**	**(729,917)**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Change in Net Debt
for the year ended March 31, 2005

	2005 Unaudited Revised Estimates ($000)	2005 Actual ($000)	2004 Actual ($000)
Annual Deficit	33,077	33,587	125,117
Increase (Decrease) in Tangible Capital Assets			
Acquisition of Tangible Capital Assets	24,061	26,082	45,281
Amortization of Tangible Capital Assets	(24,318)	(37,718)	(36,718)
Net Book Value of Tangible Capital Asset Disposals	-	(5,198)	(893)
	(257)	(16,834)	7,670
Increase (Decrease) in Prepaid Expenses	-	(755)	1,311
Increase (Decrease) in Inventory	-	974	-
Increase in Net Debt	32,820	16,972	134,098
Net Debt, Beginning of Year	1,312,569	1,312,569	1,178,471
Net Debt, End of Year	**1,345,389**	**1,329,541**	**1,312,569**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Consolidated Statement of Cash Flows
for the year ended March 31, 2005

	2005 ($000)	2004 ($000)
Operating Activities		
Surplus (Deficit) for the year	(33,587)	(125,117)
Amortization of Tangible Capital Assets	37,718	36,718
Changes in:		
Accounts and Taxes Receivable - (Increase) Decrease	(8,026)	2,913
Treasury Advances - (Increase) Decrease	(5)	(35)
Property Holdings - (Increase) Decrease	25,539	(23,106)
Prepaid Expenses - (Increase) Decrease	755	(1,311)
Inventories - (Increase) Decrease	(974)	-
Deferred Charges - (Increase) Decrease	(14,211)	117,046
Deferred Revenue/Credits - Increase (Decrease)	20,605	(1,861)
Accounts Payable - Increase (Decrease)	(9,773)	52,995
Accrued Liabilities - Increase (Decrease)	1,615	(2,434)
Pension, Retirement and Other Obligations-Increase (Decrease)	9,109	(115,208)
Cash Provided by (Used for) Operating Activities	**28,765**	**(59,400)**
Investing Activities		
Changes in:		
Loans Receivable - (Increase) Decrease	(3,059)	(30,691)
Investments - (Increase) Decrease	276	792
Investment in Govt Business Enterprises-(Increase) Decrease	(3,847)	3,165
Cash Provided by (Used for) Investing Activities	**(6,630)**	**(26,734)**
Capital Activities		
Acquisition of Tangible Capital Assets	(26,082)	(45,281)
Disposal of Tangible Capital Assets	5,198	893
Cash Provided by (Used for) Capital Activities	**(20,884)**	**(44,388)**
Financing Activities		
Debentures Issued	210,500	111,135
Debentures Matured / Called	(77,127)	(50,595)
Changes in:		
Short Term Loans Payable - Increase (Decrease)	(125,000)	55,000
Loans Payable - Increase (Decrease)	(2,655)	6,193
Obligation Under Capital Leases - Increase (Decrease)	(293)	(227)
Sinking Fund - (Increase) Decrease	33,032	6,784
Cash Provided by (Used for) Financing Activities	**38,457**	**128,290**
Increase (Decrease) in Cash and Short Term Deposits	39,708	(2,232)
Cash and Short Term Deposits, Beginning of Year	12,437	14,669
Cash and Short Term Deposits, End of Year	**52,145**	**12,437**

(The accompanying schedules and notes are an integral part of these financial statements.)

PROVINCE OF PRINCE EDWARD ISLAND

Notes to the Consolidated Financial Statements
For the year ended March 31, 2005

1 Reporting Entity

The financial position of the Province is presented by a Consolidated Statement of Financial Position combining the statement of financial position of the Operating Fund and the balance sheets of such agencies, crown corporations and boards as determined under section 61(2) of the Financial Administration Act.

The following agencies, crown corporations and boards are included in the Consolidated Statement of Financial Position using the consolidation method of accounting. Under the consolidation method of accounting inter-organizational balances and transactions are eliminated. This method reports the organizations as if they were one organization.

Provincial Health Services Authority
East Prince Health
Kings Health Region
Queens Health Region
West Prince Health Region
Eastern School District
French Language School Board
Western School Board
P.E.I. Agricultural Insurance Corporation
P.E.I. Agricultural Research Investment Fund Inc.
P.E.I. Aquaculture and Fisheries Research Initiative Inc.
P.E.I. Business Development Inc
P.E.I. Crown Building Corporation
P.E.I. Housing Corporation
P.E.I. Human Rights Commission
P.E.I. Lending Agency
P.E.I. Museum and Heritage Foundation
P.E.I. Self-Insurance and Risk Management Fund
P.E.I. Special Projects Fund
Tourism P.E.I.

The Eastern, Western, and French Language School Boards have a fiscal year-end of June 30th. Unaudited financial information as of March 31, 2005 has been used for consolidation puposes.

The following agencies, crown corporations, and boards are included in the Consolidated Statement of Financial Position using the modified equity method of accounting. This method is used for government business enterprises which are defined as those agencies, crown corporations and boards which, (i) have the power to contract in their own name, (ii) have the financial and onerating authority to carry on a business, (iii) sell goods and services to customers outside the provincial reporting entity as their principal activity and source of revenue, and (iv) are able to maintain their operations and meet their liabilities from revenues received from sources outside the provincial reporting entity. The modified equity method reports the percentage of a government business enterprise's net assets owned by the Province as an investment in the Province's Consolidated Statement of Financial Position. Inter-organizational balances and transactions are not eliminated. Schedule 6 presents condensed financial information of the following government business enterprises.

Charlottetown Area Development Corporation
Island Investment Development Inc.
Island Waste Management Corporation
P.E.I. Energy Corporation
P.E.I. Grain Elevators Corporation
P.E.I. Liquor Control Commission
P.E.I. Lotteries Commission
P.E.I. Regulatory and Appeals Commission
Summerside Regional Development Corporation Ltd.

The P.E.I. Grain Elevators Corporation has a fiscal year end of July 31, 2004.

The Consolidated Statement of Financial Position does not include the financial position of the Workers' Compensation Board of Prince Edward Island. The Board, as at December 31, 2004, had assets of $95 million (2003 - $79.9 million) and liabilities of $107.8 million (2003 - $108.7 million). The Board has the ability to establish premium rates sufficient to meet its financial obligations.

2 Basis of Accounting

(a) The Province of Prince Edward Island accounts for its financial transactions in accordance with generally accepted accounting principles, which for the purposes of the Province's financial statements is represented by accounting recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards.

(b) Financial Assets

Financial assets are those assets on hand at the end of an accounting period which could provide resources to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Cash represents cash position including bank balances and term deposits.

Receivables are recorded for all amounts due for work performed and goods or services supplied in the fiscal year. A provision for loss is established for doubtful accounts.

Loans Receivable are recorded at cost. Where concessionary terms apply a discount to the loan's present value is included in deferred revenue. A provision for loss is established for doubtful accounts.

Property Holdings are recorded at the lower of cost or net realizable value. A provision for loss is established.

Investments are recorded at the lower of cost or net realizable value. A provision for loss is established.

Investment in Government Business Enterprises represents the net assets of government business enterprises recorded on the modified equity basis as described in Note 1 to these financial statements.

Sinking Fund assets are recorded at cost. A portion of the Sinking Fund assets are externally restricted.

Deferred Charges represent recorded expenses which will be included in the Consolidated Statement of Operations in future years.

(c) Liabilities

Deferred Revenue represents amounts received but not earned.

Payables, Accruals and other liabilities are recorded for all amounts due for work performed, goods or services received and other charges incurred in the fiscal year. Where concessionary terms apply a a discount to the payable's present value is included in deferred charges.

Borrowings are recorded at face value.

Obligation Under Capital Lease represents the liability recorded for contractual arrangements which are deemed to be capital leases. Establishment of a capital lease recognizes the lease contract as a financing tool to acquire an asset.

Pension, Retirement and Other Future Employee Benefit Obligations represent the Province's net liability as calculated using an accrued benefits actuarial method on an accounting basis. The net pension liability represents the present value of accrued pension benefits less the market value of pension assets.

Union agreements provide for the accumulation of sick leave benefits by employees. However, there is no obligation for the Province to settle these amounts with cash payments. Consequently, no liability has been calculated by the Province and no accrual has been recorded in these financial statements for accumulated sick leave benefits.

Debentures represent the gross funded debt of Province of PEI public debenture issues, a private debenture issue and Canada Pension Plan debenture issues.

(d) Net Debt

The Province's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Province is determined by its liabilities less its financial assets. Net debt is comprised of two components non-financial assets and accumulated deficits.

Non-Financial Assets

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities. They are normally employed to deliver government services and may be consumed in the normal course of operations.

Tangible capital assets are valued at historical cost, or estimated cost where historical cost information is not available. Amortization methods and rates vary between the Operating Fund and some agencies. It is calculated using the straight line or declining balance methods at the following rates:

Land Improvements	10 - 40 years
Buildings and Improvements	10 - 40 years
Leasehold Improvements	Based on length of lease
Roads	10 - 20 years
Bridges	20 - 40 years
Motor Vehicles	4 - 10 years
Equipment	3 - 16 years
Other	5 - 40 years

Prepaid expenses are goods and services purchased which will provide economic benefits in future periods.

Inventories consist of items being held for resale and materials on hand which were purchased for consumption or use by the Province in the course of its operations. Inventories are recorded at cost and expensed as they are consumed or sold.

Accumulated Deficits
Accumulated deficits are the Net Debt of the Province less Non-Financial Assets. It represents the accumulated balance of deficits arising from operations of the Province.

(e) Revenues
Revenues are recorded on an accrual basis. Transfers from the Government of Canada, under Federal - Provincial fiscal arrangements, are based on estimates which will be adjusted against future years revenues when actual results become available.

(f) Expenses
Expenses are recorded on an accrual basis.

Capital expenditures are incurred in the acquisition, development or construction of capital assets and equipment. They do not include operational expenses. The acquisition of tangible capital assets are not reported as expenses in the year the assets are acquired. Tangible capital assets are included in the Province's Consolidated Statement of Financial Position as Non-Financial Assets and are amortized over their estimated useful life.

Transfer payments are transfers of money to individuals, organizations or other governments for which the government making the transfer does not receive any goods or services directly in return. Transfer payments are recognized by the Province as expenditures in the period during which both the payment is authorized and any eligibility criteria are met.

3 Change in Accounting Policy
For the fiscal year 2004-2005 the Province implemented Public Sector Accounting Board standards for the recording of inventories in the Operating Fund. Accordingly inventories for consumption for the Operating Fund are now reported on the Consolidated Statement of Financial Position as Non-Financial Assets. The recording of Inventory was implemented on a retroactive basis without restatement of prior periods. The opening Accumulated Deficit was reduced by $2.6 million and the Annual Deficit was reduced by $.9 million as a result of the change. With the exception of the PEI Museum and Heritage Foundation consolidated agencies and crown corporations recorded inventory as an expense when purchased in 2004-2005.

4 Province of Prince Edward Island Sinking Fund and Debt Reduction Fund

(a) Description of Sinking Funds
The Province of Prince Edward Island Sinking Funds were established to reserve funds to meet future commitments and for debt retirement. Earnings on Sinking Funds are reflected as current revenue. The Sinking Funds are made up of two components:

Sinking Fund (Debentures)
Those funds in the Sinking Fund designated for debentures are considered to be externally restricted and as a result cannot be used for other purposes. Installment payments are made to the Sinking Fund from the Operating Fund, they are allocations within the Operating Fund, and as such, are not treated as an expense. The installment payments for the next five years are:

	($000)
2005-2006	14,160
2006-2007	16,358
2007-2008	15,658
2008-2009	14,500
2009-2010	14,500

Debt Reduction Fund
The Debt Reduction Fund was established from the over-funding of Provincial debenture issues and installments made to the Sinking Fund for Canada Pension Plan (CPP) debentures. There are no installment requirements for CPP debentures and there are no external restrictions on funds contributed to the Sinking Fund for the retirement of CPP debentures. The purpose of the Debt Reduction Fund is the retirement of public debt and the reduction of interest charges on debt. As at March 31, 2005 there were no funds being held in the Debt Reduction Fund.

(b) PEI Issues Held by the Sinking Fund
As at March 31, 2005 Sinking Fund investments include PEI Issues held but not cancelled in the amounts of:

		($000)		($000)
Debentures	- Par Value	24,895	Book Value	26,685
Residuals	- Par Value	114,942	Book Value	62,807

5 Solid Waste Landfill Closure and Post-Closure Liability
The collection and disposal of all solid waste generated in Prince Edward Island is included in the mandate of a provincial agency. The provincial agency is responsible for liabilities related to the closure and post closure costs of the East Prince Landfill Site, which was in use at March 31, 2005. The agency is also responsible for monitoring and dealing with post-closure issues at four landfill sites and approximately one hundred smaller community dumps which were closed prior to 2003. The Province is responsible for the costs associated with the closure and decommissioning of the sites closed prior to 2003.

The Province recognizes its responsibility regarding solid waste landfill sites but at this time is unable to estimate the costs involved due to the absence of a formal action plan. A provisional amount of $350,000 was established in 2003 to deal with future costs (Schedule 12 - Accrued Liabilities).

6 Commitments
The nature of the Province's activities results in commitments against future appropriations through various multi-year contracts and obligations. Payments in respect of these contracts and agreements are subject to the approval of the Legislature through the annual budget process. Significant financial commitments at March 31, 2005 include:

(a) University of Prince Edward Island
The Province has committed to make payments over a sixteen year period, beginning in 2003/04, in the amount of $376.5 thousand per year to the University of Prince Edward Island for the purpose of debt servicing.

(b) Summerside Recreational Complex
The Province has committed to make payments over a three year period, beginning in 2003/04, totalling $1 million in support of Phase 1 of the Summerside Recreational Complex.

(c) P.E.I. Lending Agency
The corporation has approved, but not disbursed, loans at March 31, 2005 amounting to $3.4 million (2004 - $9.3 million).

(d) P.E.I. Busines Development Inc
The corporation has approved, but not disbursed, loans at March 31, 2005 amounting to $9.4 million

(2004 - $22.6 million).

The corporation has indemnified lease payments to a landlord on behalf of a private company (Atlantic Beef Products). In the case of default by the private company, the maximum amount indemnified is $108 thousand per month, pursuant to the lease ending February 2025.

(e) P.E.I. Special Projects Fund

The corporation has outstanding commitments under the Health Research Program totalling $758 thousand at March 31, 2005.

(f) P.E.I. Lotteries Commission

The Province has entered into an arrangement whereby the Atlantic Lottery Corporation is to construct and operate a centre in Charlottetown, PEI, to provide gaming entertainment, restaurant services and new pari-mutual facilities intended to revitalize the harness racing industry in the Province. The project, including the puchase of land, is expected to cost $27 million and is expected to be completed in the 2005-2006 fiscal year. All costs associated with the project are attributed to the Province of PEI. The costs are being capitalized in the Atlantic Lottery Corporation's accounts and the net proceeds from the centre's operations are expected to cover the debt amortization. The capitalized cost of construction in progress at March 31, 2005 was $7.7 million.

(g) P.E.I. Energy Corporation

Subsequent to year end, the corporation entered into a contribution agreement with Industry Canada and Hydrogenics Corporation for the expenditure of up to $2.5 million on the P.E.I. Wind-Hydrogen project over the next three years

(h) Island Waste Management Corporation

The corporation conducts a portion of its operations, the compost facility, pursuant to an operating agreement. The agreement provides for the payment by the corporation to the operator of the facility a minimum annual fee plus an excess tonnage fee. The minimum annual fee commitments under the operating agreement are as follows:

2006	$ 1.4 million
2007	$ 1.4 million
2008	$ .7 million

The corporation has entered into various agreements for the collection of recyclables, waste and compost materials. Minimum payments for the contracts currently in place for the next four years on these contracts are as follows:

2006	$ 3.3 million
2007	$ 2.6 million
2008	$ 1.4 million
2009	$ .1 million

The corporation is undertaking the construction of an additional landfill cell. The cell is budgeted to cost $1.7 million and will be financed by long term debt advanced by the Province.

(i) Leases

The Province is party to a substantial number of lease agreements for the rental of space and equipment. The following schedule shows the minimum annual lease payments in each of the next five years for those leases which are considered significant in relation to future operations:

Fiscal Year	Lease Payments (000)
2005-2006	7,583
2006-2007	6,214
2007-2008	3,988
2008-2009	3,824
2009-2010	3,548

Capital Leases
Costs associated with renovations to the Davies and Kelly Law Courts Buildings have been recorded as capital leases. These capital lease obligations are recorded as liabilities in the Consolidated Statement of Financial Position.

7 Contingent Liabilities

(a) Claims Outstanding

The Province is subject to legal actions arising in the normal course of business. At March 31, 2005 there are twenty-eight (2004 - thirty eight) outstanding claims arising from legal action in progress against the Crown. The cost to the Province, if any, cannot be determined because the outcome of these actions is uncertain.

The cost, if any, of twenty-four of the twenty-eight claims outstanding will be paid through the Prince Edward Island Self-Insurance and Risk Management Fund. The Prince Edward Island Self-Insurance and Risk Management Fund was established in 1988 under Part II of the Financial Administration Act. The Fund provides general liability insurance, errors and omissions insurance and primary property and crime insurance. At March 31, 2005, fund reserves were $7.2 million (2004 - $7.2 million). Claims amounting to $1 million were settled in the current year (2004 - $.6 million). The estimated amount for claims outstanding at March 31, 2005 is $1.2 million (2004 - $.8 million). The fund carries an excess liability policy limiting the liability of the fund to $5 million.

One of the four claims not being paid through the Self-Insurance and Risk Management Fund is a personal injury claim on allegations of abuse at the former Mt Herbert Orphanage. At March 31, 2005 there were fifty seven plaintiffs on notice of action.

(b) Prince Edward Island Agricultural Insurance Corporation

As of September 14, 2005 the PEI Agricultural Insurance Corporation received 47 written notices of appeal on behalf of the CAIS Appeals Subcommittee. These appeals have not yet been heard. As a result, the amount of the claims, if any, is not yet determinable.

(c) Credit Union Deposit Insurance Corporation

The Credit Unions Act states that the Province shall ensure that the obligations of The Credit Union Deposit Insurance Corporation (CUDIC) are carried out. The CUDIC provides deposit insurance coverage on deposits within established limits held by PEI credit unions. The CUDIC is funded by an assessment on insurable deposits in each of the ten credit unions. The Province holds two director positions on the CUDIC Board of Directors. At December 31, 2004 the CUDIC had an equity balance of $5.5 million (2003 - $4.8 million).

Based on unaudited information, at September 30, 2004 credit unions in Prince Edward Island held insurable deposits totalling $433.3 million (2003 - $433.2 million). The probability that the Province would be called upon to provide financial support to the CUDIC is unlikely due to the equity held by the CUDIC, Credit Union Central of Prince Edward Island and the ten credit unions on PEI.

(d) Guaranteed Debt

The Province has guaranteed the repayment of a variety of types of loans, including student loans. Guarantees amounting to $133.6 million (2004 - $99.4 million) are reported in Schedule 22.

8 Pension, Retirement and Other Obligations

(a) Basis of Accounting for Obligations

The Province has adopted the recommendations of the Public Sector Accounting Board (PSAB) in accounting for its pension and other retirement obligation liabilities. Assumptions used in the valuation of these benefits and obligations are developed on two criteria; for funding purposes and for accounting purposes. The Province has been using assumptions developed for accounting purposes since the year ended March 31, 2002.

(b) Pension Funds

Civil Service Superannuation Fund

Employees of the Province and certain of its' entities are entitled to receive pension benefits pursuant to the provisions of a pension plan under the Civil Service Superannuation Act. The plan is operated within the Civil Service Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 6.95 percent of their salary (8.75 percent when not contributing to CPP) with the Province matching those contributions. In 2005, total employee contributions for current year's service were $9.5 million (2004 - $9.2 million). Investments of the Fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Civil Service Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best three years' average salary. The plan provides for inflation protection to a maximum of 6 percent. At present the plan provides benefits to 1,571 retirees (2004 - 1,528); benefit payments were $24.6 million in 2005 (2004 - $21.6 million).

An amendment to the Civil Service Superannuation Act on May 4, 1995 provided for the significant reduction of the unfunded liability of the fund. The amendment called for a contribution from the government of $11.6 million in 1995/96 and $5.8 million in the years 1996/97 to 2004/05.

Teachers' Superannuation Fund

The Teachers' Superannuation Act established a fund for the payment of pensions to retired teachers or refund of contributions under certain circumstances. The plan is operated within the Teachers' Superannuation Fund which is not part of the Operating Fund of the Province. The Plan is funded by employee contributions equal to 7.2 percent of their salary (9 percent when not contributing to CPP) with the Province matching those contributions. In 2005, total employee contributions for current year's service were $6.3 million (2004 - $6 million). Investments of the Fund are adminsistered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. By Act the Province is committed to make payments if the Teachers' Superannuation Fund is insufficient to provide for pension payments as they become due. Pension benefits are based on the number of years of service times 2% of the best five years' average salary. The plan provides for inflation protection to a maximum of 4%. At present the plan provides benefits to 1,224 retirees (2004 - 1,167); benefit payments were $29 million in 2005 (2004 - $26.7 million).

An amendment to the Teachers' Superannuation Act on May 4, 1995 provided for the reduction of the unfunded liability of the fund. The amendment called for a contribution from the government of $23.6 million in 1995/96 and $11.8 million in the years 1996/97 to 2004/05.

Pension Plan for Members of the Legislative Assembly

An amendment to the Legislative Assembly Act in 1994 provided for an Indemnities and Allowances

Commission to review and determine the remuneration and benefits to be paid to the Members of the Legislative Assembly, Ministers, the Speaker, Opposition House Leader, Government Whip and Opposition Whip. As a result of this amendment, a pension plan called the "Pension Plan for Members of the Legislative Assembly of Prince Edward Island" was established by the Commission with an effective start date of July 1, 1994. The plan is operated within the Pension Plan for Members of the Legislative Assembly (1994) which is not part of the Operating Fund of the Province. The plan is funded by contributions from the members of the Legislative Assembly equal to 8 percent of their salary. Total member contributions for the current year were $123.5 thousand (2004 - $121.2 thousand). Investments of the fund are administered by external investment managers under policy guidelines set down by Executive Council and supervised by an advisory committee to the Provincial Treasurer. The Province is required to make contributions to the Fund to ensure that there is sufficient money to cover the cost of current service accruals as well as provide for the proper amortization of any unfunded liability. In January 2004, the MLA Pension Fund (Old Plan) was amalgamated with the Pension Plan for Members of the Legislative Assembly (New Plan). The amalgamation of the two funds has resulted in a funding surplus. The plan text and tax legislation requires that an employer contribution holiday must be taken while the plan is in a surplus position. Pension benefits are based on criteria which is different depending on the period of service. The criteria for the different periods are as follows:

a. for the period up to and including June 30, 1994, annual member's pensions are equal to the lessor of 75% of contributions and the average annual indemnity during the last five years of service. Annual Ministers' pensions are equal to the lesser of 75% of contributions and one half of the highest annual salary as a Minister.

b. for the period July 1, 1994 to March 31, 2001 , benefits are based on the number of years of service times 2% of the best thirty-six consecutive months' average indemnity and salary earned by the member.

c. for the period on or after April 1, 2001, benefits are 25% of the required contributions made by the participants commencing after April 1, 2001, indexed annually by the percentage increase in the Consumer Price Index, subject to a maximum increase of 8% per annum.

The plan provides a pre-retirement inflation protection equal to the increase in the Consumer Price index to a maximum of 8%. Post-retirement inflation protection is the increase in the Consumer Price Index minus 2%, to a maximum of 8%. At present the plan provides benefits to 76 retirees (2004 - 75); benefit payments were $1.17 million in 2005 (2004 - $1.37 million).

Pension Plan for Members of the Legislative Assembly (Supplementary)
The supplementary to the Pension Plan for Members of the Legislative Assembly was established effective April 1, 1999. The plan provides a pension which is supplementary to the benefits provided under the Pension Plan for Members of the Legislative Assembly. For service subsequent to June 30, 1994 the amount of benefit is approximately equal to those benefits provided by the Pension Plan for Members of the Legislative Assembly of Prince Edward Island. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%. At present the plan provides benefits to 25 retirees (2004 - 24); benefit payments were $88 thousand in 2005 (2004 - $76 thousand).

Senior Compensation Program
An executive compensation plan is provided to the senior management of the Province. The plan provides a pension which is supplementary to the benefits provided under the Civil Service Superannuation Act. Pension benefits are based on the number of years' participation in the senior compensation program to a maximum of 5 years times 2% of the best three years' average salary. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 6%. At present the plan provides benefits to 27 retirees (2004 - 24); benefit payments were $335.8 thousand in 2005 (2004 - $295.7 thousand).

Pension Plan for Judges - Old
The Provincial Court Act provides a pension plan for Provincial Court judges who were appointed before April 1, 1997. Pension benefits are based on two-thirds of the salary payable to the judge at the time of retirement. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation to a maximum of 8%. At present the plan provides benefits to 3 retirees (2004 - 3); benefit payments were $234.3 thousand in 2005 (2004 - $227.9 thousand).

Pension Plan for Judges - New
The Provincial Court Act established a Judicial Remuneration Review Commission which reviews salary, benefits and expenses paid to judges. In February 2002, the Commission approved the establishment of a pension plan for judges appointed after March 31, 1997 which is supplementary to the benefits provided under the Civil Service Superannuation Act. Pension benefits are based on the number of years' service times 3% of the best three years' average salary less benefits received under the Civil Service Superannuation Plan. This plan is unfunded. The Province is responsible for the unfunded liability and makes payments from the Operating Fund as they become due. The plan provides for inflation protection to a maximum of 6%. At present there are no retirees under this plan.

Actuarial Valuations / Estimates
Actuarial valuations of the Province's pension funds are carried out every three years. An estimated update, which is a partial calculation based on an extrapolation of the most recent valuation, is calculated by the Province at the end of each fiscal year.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee group which is 6 years for MLAs and 13 years for all other groups.

Actuarial valuations and estimates are based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the Province's best estimates. The expected inflation rate is 2.5 percent. The discount rate used to determine accrued benefit obligation is 7.9 percent. Pension fund assets are valued at market values. The expected rate of return on plan assets is 7.9 percent. The actual return on plan assets was + 5.9 percent in 2005 (2004 - + 26 percent).

The following are the actuarial estimates at March 31, 2005

	Number of Members	Gross Pension Obligation 31-Mar-05 ($000)	Pension Assets 31-Mar-05 ($000)	Net Pension Obligation 31-Mar-05 ($000)	Net Pension Obligation 31-Mar-04 ($000)
Civil Service Pension Fund	4,606	524,499	502,099	22,400	23,000
Teachers' Pension Fund	2,924	495,648	308,635	187,013	181,204
MLA Pension Fund	114	14,635	21,003	(6,368)	(6,446)
MLA Plan (Supplementary)	60	3,371	-	3,371	2,834
Senior Comp. Pension Plan	52	6,765	-	6,765	6,358
Judges Pension Plan (Old)	5	3,577	-	3,577	3,483
Judges Pension Plan (New)	1	280	-	280	229
Totals	**7,762**	**1,048,775**	**831,737**	**217,038**	**210,662**

The following are the most recent actuarial valuations for accounting purposes for the Province's four Pension funds:

	Civil Service Fund	Teachers' Fund	MLA Fund Old	MLA Fund New
Date of Valuation	01-Apr-02	01-Apr-02	01-Apr-03	01-Apr-03
	($000)	**($000)**	**($000)**	**($000)**
Actuarial Liability	442,217	440,630	12,457	1,995
Fund Assets	436,093	287,000	16,263	1,561
Unfunded Liability (Surplus)	**6,124**	**153,630**	**(3,806)**	**434**

(c) Retirement and Other Benefits

Employees of the Province are entitled to retirement allowances as provided for under collective agreements and terms of employment. Other benefit entitlements include workers compensation funding and payment of insurance policies. The Province obtains actuarial calculations of its liability for future employee benefits.

The following balances are actuarial estimates of future commitments to employees:

	Obligation 31-Mar-05 ($000)	Obligation 31-Mar-04 ($000)
Retirement Pay	50,674	48,881
Insurance Policies	2,690	2,310
Workers Compensation	16,091	15,531
Totals	**69,455**	**66,722**

(d) Cost of Pension, Retirement and Other Obligations

The following schedule presents the costs of future employee benefits for the year ended March 31, 2005:

	Current Service Cost ($000)	Net Interest Cost ($000)	Employee and Other Contributions ($000)	Amortization of Actuarial Adjustments ($000)	Net Cost ($000)
Civil Service Pension Fund	13,591	1,131	(10,311)	559	4,970
Teachers' Pension Fund	9,825	13,250	(6,305)	3,169	19,939
MLA Pension Fund	262	(504)	(124)	(553)	(919)
MLA Plan (Supplementary)	386 *	240	-	(48)	578
Senior Comp. Pension Plan	244	499	-	(76)	667
Judges Pension Plan (Old)	60	268	-	(92)	236
Judges Pension Plan (New)	31	19	-	8	58
Total Pension	24,399	14,903	(16,740)	2,967	25,529
Retirement Pay	3,108	3,238	-	144	6,490
Insurance Policies	225	-	-	83	308
Workers Compensation	925	1,032	-	(91)	1,866
Total Other	4,258	4,270	-	136	8,664
Totals	**28,657**	**19,173**	**(16,740)**	**3,103**	**34,193**

* Current service cost for MLA Plan (Supplementary) includes a plan amendment cost of $105.8 thousand

due to a change effective April 1, 2004 where pensionable earnings will now include non-taxable expense allowance (excluding any vehicle or mileage allowance) paid to participants.

(e) Other Pension Plans In The Health Regions and School Boards

Employees of the four health regions and the Provincial Health Services Authority, who are not part of the civil service pension plan, are part of the uniform pension plan for employees of all Prince Edward Island hospitals. The hospital pension plan is a defined benefit pension plan for basic pension contributions and a defined contribution pension plan for supplementary pension contributions. According to the most recent actuarial report, dated Januay 1, 2003, contributions to the pension plan are not sufficient to meet the requirements of the plan and a pension fund deficit in the amount of $25.5 million existed at that date.

Non-instructional employees of the three school boards are part of a defined benefit / defined contribution pension plan. The expense of the school boards is limited to a matching contribution equal to the employee's portion. The most recent actuarial report, dated January 1, 2002, reported an actuarial surplus of $74 thousand.

For the above described pension plans the Province records expense equal to the employer contributions and does not include the unfunded liability or surplus in the pension liability of the Province.

9 Supplementary Funding Government of Canada Health Transfers

The Province is receiving, from the Government of Canada, supplementary funding for health care. The Federal Government has set up trust funds to administer these special transfers. Since the first commitment was made in 1998/99 there have been a number of transfers. The Province is recording revenue received per the following schedules:

Canada Health and Social Transfer Supplement

	Mar-31-99	Mar-31-00	Mar-31-03	Mar-30-04
1999-2000	8.9 million			
2000-2001	4.5 million	4.5 million		
2001-2002	2.2 million	2.2 million		
2002-2003		2.2 million		
2003-2004		2.2 million	11.1 million	
2004-2005				8.7 million
Totals	15.6 million	11.1 million	11.1 million	8.7 million

Medical Equipment

	Oct-20-00	Mar-31-03	Sep-30-04
2000-2001	2.3 million		
2001-2002	2.2 million		
2002-2003			
2003-2004		2.2 million	
2004-2005		.3 million	
2005-2006		4.1 million	2.2 million
Totals	4.5 million	6.6 million	2.2 million

Wait Times Reduction

	Mar-31-05
2004-2005	2.7 million
2005-2006	2.7 million
2006-2007	5.1 million
2007-2008	5.1 million
2008-2009	2.6 million
Totals	18.2 million

10 Restructuring of Departments

Effective October 5, 2004 the following changes were made to the Province's Ministries:

- The Department of Agriculture, Fisheries, Aquaculture and Forestry was disestablished.
- The Department of Environment and Energy was disestablished.
- The Department of Agriculture, Fisheries and Aquaculture was established.
- The Department of Environment, Energy and Forestry was established.
- Responsibility for the P.E.I. Human Rights Commission was transferred from the Department of Community and Cultural Affairs to the Office of the Attorney General.

The above changes have been applied retroactively with 2003-2004 revenues and expenses being restated. Changes in the 2004-05 Budget Estimates resulting from this restructuring are presented in Schedule 45.

11 Subsequent Event

In April 2005, the Province of Prince Edward Island announced changes to the Health and Social Services System.

The four existing regional health authorities and the Provincial Health Services Authority were disestablished with all programs and services to be subsequently provided from two newly established government departments, the Department of Health and the Department of Social Services and Seniors.

12 Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. When estimates are used it is possible that there could be a material variance between the recorded amount and another reasonably possible amount. The accuracy of estimates depends on the completeness and quality of information available at the time of preparation of financial statements. Estimates are adjusted annually to reflect new information as it becomes available. Examples of where measurement uncertainty exists in these financial statements are the calculation of future pension obligations and the provision for losses on loans and accounts receivable.

13 Comparative Figures

Certain 2004 financial statement figures, presented for comparative purposes, have been reclassified to conform with 2005 financial statement presentation.

PROVINCE OF PRINCE EDWARD ISLAND

Schedules to Consolidated Statement of Financial Position
as at March 31, 2005

	2005 ($000)	2004 ($000)
1 Cash and Short Term Deposits (Bank Advances)		
Operating Fund	33,759	(4,419)
Consolidated Agencies & Crown Corporations	18,386	16,856
	52,145	**12,437**
2 Accounts and Taxes Receivable		
Taxes	69,479	58,763
Government of Canada	31,715	33,968
Consolidated Agencies & Crown Corporations	13,907	14,503
Other	12,827	12,533
	127,928	**119,767**
Provision for Doubtful Accounts (Schedule 23)	(4,698)	(4,563)
	123,230	**115,204**
3 Treasury Advances		
Cash Floats	17	18
Nova Scotia Health Advance	535	535
Employee Health Club Memberships	39	33
	591	**586**
4 Property Holdings		
Leased Property	596	868
Property Holdings	1,415	3,343
Property Holdings - Polar Foods	98	48,497
Other	427	473
	2,536	53,181
Provision for Losses (Schedule 23)	(993)	(26,099)
	1,543	**27,082**
5 Investments		
PEI Business Development Inc	3,461	3,730
Investments Held by Other Agencies and Crown Corporations	522	530
	3,983	4,260
Provision for Losses (Schedule 23)	(524)	(525)
	3,459	**3,735**

6 Investment in Government Business Enterprises

	Ch'town Area Dev. Corp. ($000)	Island Invest. Dev. Inc ($000)	Island Waste Management Corp. ($000)	P.E.I. Energy Corp. ($000)	P.E.I. Grain Elevators Corp. ($000)	P.E.I. Liquor Control Comm. ($000)	P.E.I. Lotteries Comm. ($000)	P.E.I. Reg. & Appeals Comm. ($000)	S'side Regional Dev. Corp. ($000)	Total 2005 ($000)	Total 2004 ($000)
Assets	36,204	72,542	37,815	17,013	1,402	8,621	186	1,719	8,557	184,059	161,992
Liabilities	32,278	72,385	37,815	14,553	864	8,621	186	1,408	8,041	176,151	157,736
Equity	3,926	157	-	2,460	538	-	-	311	516	7,908	4,256
	36,204	72,542	37,815	17,013	1,402	8,621	186	1,719	8,557	184,059	161,992
Percentage of Ownership	85%	100%	100%	100%	100%	100%	100%	100%	75%		
Province of PEI's Equity	3,337	157	-	2,460	538	-	-	311	387	**7,190**	**3,343**
Revenue	3,946	2,848	22,414	3,629	5,464	50,582	17,494	2,566	1,869	110,812	103,317
Expenses	4,297	2,366	18,869	3,087	5,352	39,654	939	1,992	2,440	78,996	78,476
Net Income (Loss)	(351)	482	3,545	542	112	10,928	16,555	574	(571)	31,816	24,841
Prior Period Adjustments	-	-	-	-	(107)	-	-	-	-		
Amounts Transferred to Province	-	-	-	-	-	(10,928)	(16,555)	(575)	-		
Province's Increase in Equity	(298)	482	3,545	542	5	-	-	(1)	(428)	**3,847**	**(3,165)**
	85%								75%		

Complete financial statements of government business enterprises, consolidated agencies and other agencies and crown corporations are provided in Volume II of the Public Accounts of the Province of Prince Edward Island.

7 Sinking Fund and Debt Reduction Fund

	2005 ($000)	2004 ($000)
FINANCIAL ACTIVITIES		
Sinking Fund Earnings		
Investment Earnings	13,781	15,366
Amortization and Bank Charges	(429)	(659)
Net Sinking Fund Earnings	**13,352**	**14,707**
Instalments from Operating Fund	12,911	14,174
Debentures Redeemed (Schedule 24)	(59,295)	(35,665)
Increase (Decrease) in Sinking Fund Reserves	(33,032)	(6,784)
Sinking Fund Reserves, Beginning of Year	221,673	228,457
Sinking Fund Reserves, End of Year	**188,641**	**221,673**
FINANCIAL POSITION		
Assets		
Cash	22	4
Accrued Interest	1,550	2,143
Accounts Receivable	6,525	28,254
	8,097	30,401
Investments, at cost (Note)	180,545	191,272
Total Assets	**188,642**	**221,673**
Liabilities		
Accounts Payable	1	-
Sinking Fund Reserves		
Debentures Reserve	188,641	180,578
Debt Reduction Fund Reserve	-	41,095
Total Liabilities and Fund Reserves	**188,642**	**221,673**

Note - Market value of investments $209.8 million (2004 - $225.2 million)

	2005 ($000)	2004 ($000)
8 Loans Receivable		
Operating Fund		
Charlottetown Area Development Corporation	7,417	7,633
Charlottetown Area Pollution Control	-	16
City of Summerside	-	1
Communities 13 Inc.	520	843
Community Development	175	187
Employee Computer Loans	568	474
Island Waste Management Corporation	5,820	4,500
Ocean Choice Seafoods	13,500	-
P.E.I. Energy Corporation	6,050	6,550
P.E.I. Liquor Control Commission	4,850	5,322
School Board Computer Loans	52	274
Stratford Pollution Control Commission	14	32
Summerside Regional Development Corporation	459	488
	39,425	26,320
Mortgages and Loans Issued by Agencies		
P.E.I. Business Development Inc	39,470	29,519
P.E.I. Housing Corporation	88	7,598
P.E.I. Lending Agency	141,667	151,511
	181,225	188,628
Total Loans Receivable	220,650	214,948
Provision for Doubtful Accounts (Schedule 23)	(16,227)	(13,584)
	204,423	**201,364**
9 Deferred Charges		
Debenture Discount	8,677	7,111
Deferred Interest Charges (Government of Canada Loan)	8,538	-
Deferred Pension Charges	51,006	36,505
Other	938	11,332
	69,159	**54,948**
10 Deferred Revenue/Credits		
Government of Canada - Wait Times Reduction Funding	15,492	-
- Medical Equipment Funding	6,265	4,406
- Canada Study Grants	934	1,082
Interest Revenue - Ocean Choice Seafoods Loan Receivable	4,836	-
Motor Vehicle Registry	5,084	5,070
Other	2,615	4,063
	35,226	**14,621**

	2005 ($000)	2004 ($000)
11 Accounts Payable		
Goods and Services	48,537	39,868
Government of Canada	43,277	38,786
Consolidated Agencies and Crown Corporations	42,020	56,367
Due to Sinking Fund and Special Projects Fund	6,525	27,900
Other	38,149	25,360
	178,508	**188,281**
12 Accrued Liabilities		
Wages and Benefits	28,943	27,260
Interest	21,129	21,446
Provision for Solid Waste Landfill Closures (Note 5)	350	350
Provision for Losses on Loan Guarantees (Schedule 23)	3,643	3,394
	54,065	**52,450**
13 Short Term Loans Payable		
Treasury Notes	85,000	210,000
	85,000	**210,000**
14 Obligation Under Capital Leases		
Law Court Buildings	4,745	4,968
Consolidated Agencies and Crown Corporations	810	880
	5,555	**5,848**

	2005 ($000)	2004 ($000)
15 Loans Payable		
Operating Fund - Federal Secured By Debenture		
School Construction Program	-	260
Land Development Corporation	-	167
Consolidated Agencies & Crown Corporations		
Provincial Health Services Authority		
Municipal Development Loan Board, 5 3/8%, maturing in 2008, payable in annual installments of $23,957 including interest.	84	102
PEI Business Development Inc		
Bank of Nova Scotia, 6.62%, maturing August 30, 2017, payable in monthly installments of $40,333 plus interest.	10,850	11,334
Bank of Nova Scotia, 5.65%, maturing March 20, 2007, payable in monthly installments of $18,106 including interest.	2,371	2,451
ACOA, non-interest bearing, maturing February 1, 2006, payable in annual installments of $180,000.	180	360
Prince Edward Island Century Fund 2000 Inc, 4% Promissory Note, due December 31, 2008, with interest payable quarterly and principal payments due each November 30 and December 31 of $1,000,000 and $250,000 respectively, beginning in 2005 with $3,211,000 due November 30, 2008 and the balance of $2,250,000 due at maturity.	7,186	6,211
Prince Edward Island Century Fund 2000 Inc, 4% Promissory Note, due April 1, 2008, repayable in annual principal instalments of $288,375.	865	-
4% Promissory Note, due October 10, 2007, interest only payable annually commencing October 31, 2004.	-	2,200
PEI Housing Corporation		
Canada Mortgage and Housing Corp - Mortgages Payable	26,549	27,526
- Debentures Payable	3,798	3,894
- Loans Payable	-	33
	51,883	**54,538**
16 Pension, Retirement and Other Obligations		
Civil Service Superannuation Fund	22,400	23,000
Teachers' Superannuation Fund	187,013	181,204
Pension Plan for Members of the Legislative Assembly	(6,368)	(6,446)
Other Pension Plans	13,993	12,904
Retirement Benefits	53,364	51,191
Workers Compensation	16,091	15,531
	286,493	**277,384**

17 Debentures and Sinking Fund

Issue Date	Maturity Date	Interest Rate	Term of Years	Gross Funded Debt	Sinking Fund	Net Funded Debt 2005	Net Funded Debt 2004
Public and Private Issues:							
18-Apr-79	18-Apr-04	10.625%	25	-	-	-	54
15-Jun-94	15-Jun-04	9.375%	10	-	-	-	46,186
15-Dec-95	15-Dec-04	7.769%	20	-	-	-	3,043
15-Jan-87	15-Jan-07	9.875%	20	30,186	12,722	17,464	18,633
3-Oct-97	3-Oct-07	6.000%	10	35,000	6,318	28,682	29,796
22-Jun-88	22-Jun-08	11.375%	20	47,980	21,594	26,386	28,476
1-Dec-88	1-Dec-08	10.750%	20	44,687	18,930	25,757	27,604
16-Aug-90	16-Aug-10	11.500%	20	60,000	20,691	39,309	41,476
14-Mar-91	14-Mar-11	11.000%	20	50,000	15,719	34,281	35,956
19-Sep-91	19-Sep-11	11.000%	20	50,000	14,959	35,041	36,685
17-Dec-92	17-Dec-12	9.750%	20	50,000	12,577	37,423	38,891
18-Mar-93	18-Mar-13	9.250%	20	60,000	17,300	42,700	44,741
27-Oct-95	27-Oct-15	8.500%	20	75,000	14,903	60,097	62,212
15-Dec-93	15-Dec-23	8.500%	30	60,000	15,765	44,235	46,186
3-Sep-02	29-Jul-27	6.100%	25	100,000	2,715	97,285	98,696
21-Feb-00	21-Feb-30	6.800%	30	80,000	6,958	73,042	74,651
29-Jan-02	29-Jan-32	6.250%	30	100,000	4,878	95,122	96,874
12-Jun-03	21-Feb-34	5.600%	30	100,000	2,612	97,388	98,742
30-Sep-04	15-Jun-35	5.700%	30	100,000	-	100,000	-
10-Feb-05	19-May-36	5.300%	31	100,000	-	100,000	-
				1,142,853	188,641	954,212	828,902
Canada Pension Plan Issues							
1984-85	2004-2005	13.210%	20	-	-	-	10,500
1985-86	2005-2006	11.230%	20	8,975	-	8,975	8,975
1986-87	2006-2007	9.560%	20	13,526	-	13,526	13,526
1987-88	2007-2008	9.950%	20	10,010	-	10,010	10,010
1988-89	2008-2009	10.090%	20	9,703	-	9,703	9,703
1989-90	2009-2010	9.660%	20	10,544	-	10,544	10,544
1990-91	2010-2011	10.770%	20	9,603	-	9,603	9,603
1991-92	2011-2012	9.930%	20	9,794	-	9,794	9,794
1992-93	2012-2013	9.340%	20	6,971	-	6,971	6,971
1998-99	2018-2019	5.930%	20	376	-	376	376
1999-00	2019-2020	6.450%	20	7,332	-	7,332	7,332
2000-01	2020-2021	6.640%	20	9,136	-	9,136	9,136
2001-02	2021-2022	6.563%	20	11,374	-	11,374	11,374
2002-03	2022-2023	6.202%	20	11,360	-	11,360	11,360
2003-04	2023-2024	5.721%	20	11,135	-	11,135	11,135
2004-05	2024-2025	5.659%	20	10,500	-	10,500	-
				140,339	-	140,339	140,339
Total Debentures and Sinking Fund				**1,283,192**	**188,641**	**1,094,551**	**969,241**

The debentures listed on this schedule have been issued in Canadian dollars.

Canada Pension Plan debentures are callable by the Federal Minister of Finance on six months notice. No calls have occurred to date and none are expected.

	Land and Improvements ($000)	Buildings and Improvements ($000)	Leasehold Improvements ($000)	Roads and Bridges ($000)	Motor Vehicles ($000)	Equipment ($000)	Other ($000)	Total 2005 ($000)	Total 2004 ($000)
Balance, beginning of year	28,892	486,779	6,416	489,590	42,728	92,803	52,514	1,199,722	1,158,370
Additions	1,764	5,910	-	11,201	3,287	2,356	1,564	26,082	45,281
Disposals/Write Downs	(572)	(6,091)	-	-	(1,304)	(8,717)	(1,330)	(18,014)	(3,929)
Balance, end of year	30,084	486,598	6,416	500,791	44,711	86,442	52,748	1,207,790	1,199,722
Accum. Amortization, beginning	594	162,599	1,525	349,873	33,951	55,825	17,527	621,894	588,212
Amortization	155	12,124	305	16,384	1,939	5,741	1,070	37,718	36,718
Adjustments for Disposals	-	(6,073)	-	-	(531)	(6,212)	-	(12,816)	(3,036)
Accum. Amortization, end of year	749	168,650	1,830	366,257	35,359	55,354	18,597	646,796	621,894
Net Book Value	**29,335**	**317,948**	**4,586**	**134,534**	**9,352**	**31,088**	**34,151**	**560,994**	**577,828**

This schedule includes the tangible capital assets of the Province's Operating Fund and the tangible capital assets of consolidated agencies.

Amortization is calculated using the straight line and declining balance methods (see Note 2 (d)).

The Province's policy regarding revenues received for tangible capital assets is to reduce the cost of the asset by the amount of the revenue received. The following revenue offsets have been applied to assets:

	2005 ($000)	2004 ($000)
Federal Revenue	2,360	6,610
Donations	2,729	8,496
	5,089	15,106

Historical cost is still being gathered for certain land parcels. Adjustments to costs may be required when more information becomes available.

	2005 ($000)	2004 ($000)
19 Prepaid Expenses		
Operating Fund	1,068	2,006
Consolidated Agencies	3,001	2,818
	4,069	**4,824**
20 Inventories		
Operating Fund	3,515	-
Consolidated Agencies	44	-
	3,559	**-**
21 Trust Fund Reserves		
Operating Fund	844,882	774,528
East Prince Health	30	28
Kings Health Region	30	32
Provincial Health Services Authority	106	99
Queens Health Region	121	127
West Prince Health Region	13	13
Eastern School Board	4	-
Western School Board	115	128
P.E.I. Business Development Inc.	2,526	3,009
P.E.I. Housing Corporation	1	3
P.E.I. Museum and Heritage Foundation	673	676
	848,501	**778,643**

22 Guaranteed Debt

		Outstanding 31-Mar-05 ($000)	Outstanding 31-Mar-04 ($000)
1	Lines of Credit / Demand Loans	4,128	3,637
2	Debentures / Capital Loans	51,390	50,697
3	Agencies and Crown Corporations	62,622	33,612
4	Student Loans	15,485	11,423
	Total Guaranteed Debt	**133,625**	**99,369**

	Maturity Date	Principal Guaranteed ($000)	Outstanding 31-Mar-05 ($000)	Outstanding 31-Mar-04 ($000)
1 Lines of Credit / Demand Loans				
P.E.I. Grain Elevators Corp.	15-Dec-2005	3,250	1,128	637
Summerside Reg. Dev. Corp.	31-Feb-2006	3,000	3,000	3,000
		6,250	**4,128**	**3,637**
2 Debentures / Capital Loans				
Capital Area Recreation Inc	Aug-05 to Dec-08	5,350	3,371	-
Ch'town Area Dev. Corp.	15-May-2013	11,800	9,173	9,626
Communities 13 Inc.	Oct-05 to Aug-12	590	443	503
Island Waste Management	31-Dec-2027	30,130	28,773	29,177
PEI Energy Corporation	6-Mar-2017	9,360	7,895	8,334
Pownal Sports Centre	Dec-05 to Mar-24	3,355	1,735	2,956
South Shore Community Org	1-Dec-2004	400	-	101
		60,985	**51,390**	**50,697**

Both principal and interest are guaranteed for loan guarantees and debenture share issues. During the term authorized, lines of credit may revolve up to the original principal guaranteed plus interest due.

3 Agencies and Crown Corporations	31-Mar-05 ($000)	31-Mar-04 ($000)
P.E.I. Business Development Inc	12,022	13,733
P.E.I. Lending Agency	66	82
Island Investment Development Inc	50,534	19,797
	62,622	**33,612**

4 Student Loans

Effective August 1, 2001 the Province entered into an agreement with Credit Union Central of PEI for the funding and delivery of the PEI Student Loan Program. All provincial student loans issued under this program are guaranteed by the Province. As at March 31, 2005 student loans outstanding under this program totalled $15.5 million (2004 - $11.4 million).

Prior to August 1, 2001 the Province paid a risk premium, in lieu of providing loan guarantees, to banks who provided student loans. Under certain conditions loan guarantees are provided to these lendors by the Province. These conditions include loans to minors, loans to individuals who became disabled or deceased and loans to individuals with a history of credit abuse. The student loans outstanding, subject to these conditional guarantees, cannot be readily determined at year end.

A provision for losses on student loans in the amount of $2.2 million has been recorded at March 31, 2005 (2004 - $1.7 million). Management believes this provision is sufficient to cover losses on both student loan programs.

23 Provision for Doubtful Accounts and Losses

	Provision 31-Mar-04 ($000)	Written Off During Year ($000)	Increase (Decrease) Provided ($000)	Provision 31-Mar-05 ($000)	
Accounts and Taxes Receivable:					
Operating Fund					
Provincial Sales Tax	1,286	(820)	889	1,355	
Real Property Tax	319	(119)	100	300	
Transportation & Public Works	1,585	-	-	1,585	
East Prince Health	1,149	-	(51)	1,098	
West Prince Health	195	-	134	329	
P.E.I. Business Development Inc	29	-	2	31	
	4,563	(939)	1,074	4,698	1
Property Holdings:					
Operating Fund	23,670	-	(23,670)	-	
P.E.I. Business Development Inc	56	-	(56)	-	
P.E.I. Lending Agency	2,373	(2,269)	889	993	
	26,099	(2,269)	(22,837)	993	2
Investments:					
P.E.I. Business Development Inc	525	-	(1)	524	3
Loans Receivable:					
P.E.I. Business Development Inc	2,157	-	1,176	3,333	
P.E.I. Lending Agency	11,427	(2,573)	4,040	12,894	
	13,584	(2,573)	5,216	16,227	4
Loan Guarantees:					
Operating Fund	1,678	-	518	2,196	
P.E.I. Business Development Inc	1,666	(200)	(69)	1,397	
P.E.I. Lending Agency	50	-	-	50	
	3,394	(200)	449	3,643	5
Totals	**48,165**	**(5,981)**	**(16,099)**	**26,085**	

1 - The Provisions for Doubtful Accounts for Accounts Receivable are deducted on Schedule 2.
2 - The Provisions for Losses on Property Holdings are deducted on Schedule 4.
3 - The Provisions for Losses on Investments are deducted on Schedule 5.
4 - The Provisions for Doubtful Accounts for Loans Receivable are deducted on Schedule 8.
5 - The Provisions for Losses on Loan Guarantees are included in Accrued Liabilities on Schedule 12.

24 Schedule of Debentures Issued and Matured

ISSUED

Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue ($000)	Price Received
Provincial Debentures				
30-Sep-04	5.70%	15-Jun-35	100,000	99.91
10-Feb-05	5.30%	19-May-36	100,000	99.36
			200,000	
Canada Pension Plan				
2-Apr-04	5.41%	2-Apr-24	1,493	100.00
1-May-04	5.72%	1-May-24	2,005	100.00
1-Jun-04	5.73%	1-Jun-24	2,101	100.00
3-Jul-04	5.90%	3-Jul-24	1,468	100.00
1-Aug-04	5.82%	1-Aug-24	952	100.00
4-Sep-04	5.57%	4-Sep-24	827	100.00
1-Oct-04	5.48%	1-Oct-24	407	100.00
1-Nov-04	5.48%	1-Nov-24	951	100.00
2-Jan-05	5.36%	2-Jan-25	296	100.00
			10,500	
Total Debentures Issued			**210,500**	

MATURED

Date Of Issue	Rate of Interest	Date of Maturity	Amount of Issue	Amount Matured	Redeemed By Operating Fund	Redeemed By Sinking Fund
Provincial Debentures						
15-Dec-95	7.769%	Quarterly	25,000	3,043	3,043	-
18-Apr-79	10.63%	18-Apr-04	4,526	4,526	-	4,526
15-Jun-94	9.38%	15-Jun-04	59,058	59,058	4,289	54,769
				66,627	**7,332**	**59,295**
Canada Pension Plan						
2-Apr-84	12.60%	2-Apr-04	1,493	1,493	1,493	-
1-May-84	13.48%	1-May-04	2,005	2,005	2,005	-
1-Jun-84	13.70%	1-Jun-04	2,101	2,101	2,101	-
3-Jul-84	13.80%	3-Jul-04	1,468	1,468	1,468	-
1-Aug-84	14.06%	1-Aug-04	952	952	952	-
4-Sep-84	13.20%	4-Sep-04	827	827	827	-
1-Oct-84	13.05%	1-Oct-04	407	407	407	-
1-Nov-84	12.96%	1-Nov-04	951	951	951	-
2-Jan-85	12.08%	2-Jan-05	296	296	296	-
				10,500	**10,500**	**-**
Total Debentures Matured				**77,127**	**17,832**	**59,295**

PROVINCE OF PRINCE EDWARD ISLAND

Schedules to Consolidated Statement of Operations
for the year ended March 31, 2005

		2005 $ Unaudited Revised Estimates ($000)	2005 $ Actual ($000)	2004 $ Actual ($000)
	Revenue			
25	**Taxes**			
	Personal Income Tax	176,603	178,041	164,858
	Sales Tax	178,760	173,375	172,052
	Real Property Tax	55,366	57,884	52,980
	Gasoline Tax	43,137	42,712	36,196
	Corporate Income Tax	18,429	26,727	29,828
	Health Tax on Tobacco	29,262	27,359	25,631
	Health Tax on Liquor	12,307	12,256	12,004
	Insurance Premium Tax	6,900	7,957	7,947
	Corporation Capital Tax	3,204	3,184	1,955
	Other	650	702	635
		524,618	**530,197**	**504,086**
26	**Licenses and Permits**			
	Motor Vehicle Registry	11,327	12,052	11,818
	Registration & Licensing Act	630	678	703
	Securities Act	2,240	2,548	2,298
	Security Brokers and Salesmen Licenses	700	873	776
	Consolidated Agencies and Crown Corporations	-	124	133
	Other	2,342	2,483	2,182
		17,239	**18,758**	**17,910**
27	**Fees and Services**			
	Patient Fees	10,578	11,156	10,523
	Housing Rental	4,385	4,597	4,525
	Land Title and Registry Fees	2,130	2,618	2,397
	Fines and Penalties	635	485	530
	R.C.M.P. Recoveries	802	845	810
	Campground Fees	785	711	791
	Third Party Insurance	1,800	1,974	2,070
	Probate Court Fees	140	1,119	1,073
	Consolidated Agencies and Crown Corporations	10,522	12,117	9,736
	Other	8,663	8,297	5,942
		40,440	**43,919**	**38,397**

	2005 Unaudited Revised Estimates ($000)	2005 Actual ($000)	2004 Actual ($000)
28 Sales			
Lottery Revenue	20,484	16,556	17,189
Liquor Control Commission	10,682	10,928	10,643
Consolidated Agencies and Crown Corporations	7,011	5,247	5,909
Other	2,535	2,072	2,288
	40,712	**34,803**	**36,029**
29 Investment Income			
Operating Fund	327	2,822	2,881
PEI Lending Agency	10,602	9,379	10,490
Other Consolidated Agencies	2,317	2,969	1,325
	13,246	**15,170**	**14,696**
30 Other Income			
Health Regions	3,732	3,609	3,822
School Boards	435	617	523
PEI Business Development Inc	5,243	4,653	4,245
PEI Lending Agency	136	327	180
PEI Museum and Heritage Foundation	38	63	240
Tourism PEI	3,124	3,124	2,767
Other Consolidated Agencies	65	188	33
	12,773	**12,581**	**11,810**
31 Government of Canada			
Equalization	245,783	280,611	243,790
Canada Health and Social Transfer	-	-	103,751
Canada Health Transfer	69,093	73,152	-
Canada Social Transfer	36,612	36,450	-
Community and Labour Market Development	5,552	6,478	5,594
Housing Programs	1,800	2,294	2,310
Youth Justice Services	2,152	2,258	2,458
Official Languages in Education	1,844	2,244	1,971
Promotion of Official Languages	1,152	1,656	1,572
Infrastructure Program	5,557	2,906	2,326
Statutory Subsidy	679	679	679
Rehabilitation Programs	625	1,376	625
Agricultural Insurance Corporation	11,976	16,839	5,472
Health Reform Funding	6,512	9,179	4,338
Primary Health Care Transition Fund	2,461	2,286	1,802
BSE Recovery Program	-	3	3,112
Agriculture Policy Framework Agreement	1,747	1,561	2,284
Disaster Assistance	3,320	-	566
Other	6,316	3,540	4,311
	403,181	**443,512**	**386,961**

	2005 Unaudited Revised Estimates ($000)	2005 Actual ($000)	2004 Actual ($000)
Expense			
32 Agriculture, Fisheries & Aquaculture			
Department of Agriculture, Fisheries and Aquacult.	23,279	21,537	27,923
PEI Agricultural Insurance Corporation	23,226	36,240	10,927
PEI Agricultural Research Investment Fund	368	185	321
PEI Aquaculture and Fisheries Research Initiat.	232	236	94
PEI Grain Elevators Corporation (Grant)	165	165	165
	47,270	**58,363**	**39,430**
33 Attorney General			
Office of the Attorney General	32,097	32,241	32,286
PEI Human Rights Commission	318	324	321
	32,415	**32,565**	**32,607**
34 Community and Cultural Affairs			
Department of Community & Cultural Affairs	29,653	20,760	22,487
PEI Museum and Heritage Foundation	1,256	1,357	1,980
	30,909	**22,117**	**24,467**
35 Development and Technology			
Department of Development and Technology	5,619	5,560	7,331
Employment Development Agency	3,044	2,902	5,151
PEI Business Development Inc	27,425	25,232	29,781
	36,088	**33,694**	**42,263**
36 Education			
Department of Education	219,285	68,883	74,495
Eastern School District	-	91,896	88,874
French Language School Board	-	6,504	6,051
Western School Board	-	49,903	45,990
PEI Regulatory and Appeals Comm (Grant)	1,200	1,200	1,132
	220,485	**218,386**	**216,542**
37 Environment, Energy & Forestry			
Department of Environment, Energy & Forestry	12,050	11,735	12,196
PEI Energy Corporation (Grant)	601	600	674
	12,651	**12,335**	**12,870**

	2005 Unaudited Revised Estimates ($000)	2005 Actual ($000)	2004 Actual ($000)
38 Health and Social Services			
Department of Health and Social Services	437,461	108,401	108,577
PEI Housing Corporation	-	533	615
Provincial Health Service Authority	-	135,688	124,693
East Prince Health Authority	-	37,049	34,993
Kings Health Authority	-	34,788	32,804
Queens Health Region	-	97,803	94,837
West Prince Health Authority	-	24,318	22,982
	437,461	**438,580**	**419,501**
39 Provincial Treasury			
Department of Provincial Treasury	19,823	17,752	18,464
Council of Atlantic Premiers	124	123	174
PEI Lending Agency	1,113	5,399	5,070
General Government	6,779	4,085	20,203
PEI Special Projects Fund	150	230	2,135
Technology Asset Management	2,701	2,427	2,204
PEI Self Insurance and Risk Management Fund	1,372	2,042	2,544
	32,062	**32,058**	**50,794**
40 Public Service Commission			
Public Service Commission	5,074	4,867	5,521
Employee Benefits	11,502	27,460	45,279
	16,576	**32,327**	**50,800**
41 Tourism			
Department of Tourism	136	129	104
Tourism PEI	22,037	20,243	19,772
	22,173	**20,372**	**19,876**
42 Transportation & Public Works			
Department of Transportation & Public Works	79,062	84,541	85,526
Interministerial Women's Secretariat	301	293	291
	79,363	**84,834**	**85,817**
43 Expense by Object			
Administration		21,273	21,977
Amortization of Tangible Capital Assets		37,718	36,718
Debt - Interest Charges		104,922	106,475
Debt - Provisions and Other		8,466	25,174
Materials and Supplies		103,676	114,330
Professional and Contract Services		154,729	125,203
Salaries and Benefits		506,727	497,902
Travel and Training		9,462	9,840
Transfer Payments		202,753	208,929
Total Expense by Object		**1,149,726**	**1,146,548**

44 Reconciliation of Annual Consolidated Surplus (Deficit)

	2004-05 Surplus (Deficit) ($000)		Consolidation Adjustments ($000)	2004-05 Consolidated Surplus (Deficit) ($000)
Operating Fund	**(32,104)**		**-**	**(32,104)**
Consolidated Agencies				
East Prince Health	-		-	-
Eastern School District	1,121	1	-	1,121
French Language School Board	(144)	1	(64)	(208)
Kings Health Region	-		-	-
PEI Agricultural Insurance Corporation	551		-	551
PEI Agricultural Research Investment Fund Inc	(28)		-	(28)
PEI Aquaculture & Fisheries Research Initiative Inc	(123)		-	(123)
PEI Business Development Inc	(6)		-	(6)
PEI Housing Corporation	-		(8)	(8)
PEI Human Rights Commission	(20)		-	(20)
PEI Lending Agency	-		-	-
PEI Museum & Heritage Foundation	(64)		-	(64)
PEI Self Insurance & Risk Management	22		-	22
PEI Special Projects Fund	(203)		-	(203)
Provincial Health Services Authority	-		-	-
Queens Health Region	-		-	-
Tourism PEI	(772)		-	(772)
West Prince Health Region	-		-	-
Western School Board	1,483	1	-	1,483
	1,817		**(72)**	**1,745**
Adjustment for Tangible Capital Assets				**(7,075)**
Gain on Government Business Enterprises (Schedule 6)				**3,847**
Consolidated Surplus (Deficit)				**(33,587)**

1 The three school boards have a fiscal year end of June 30th. For consolidation purposes unaudited statements of revenue and expenses were provided for the twelve month period ended March 31, 2005.

45 Reclassification of 2004- 2005 Budget Estimates

	2004 Unaudited Estimates Book ($000)	Budget Changes ($000)		2005 Unaudited Estimates Book ($000)	Reallocations ($000)		2005 Unaudited Revised Estimates ($000)
REVENUE							
Taxes	524,618			524,618			524,618
Licenses and Permits	17,239			17,239			17,239
Fees and Services	29,768	150	1	29,918	10,522	11	40,440
Sales	39,661	255	1	39,916	796	11	40,712
Investment	13,795			13,795	(549)	11	13,246
Other	-			-	12,773	11	12,773
Government of Canada	391,623			391,623	11,558	11	403,181
Sinking Fund Earnings	13,975			13,975			13,975
Capital Revenue	1,905	(1,905)	1	-			-
Government Business Enterprises	-			-	(74)	11	(74)
Total Revenue	**1,032,584**			**1,031,084**			**1,066,110**
EXPENSE							
Agriculture,Fisheries & Aquaculture	38,639	(5,947)	2/3/4/5	32,692	14,578	10/11	47,270
Attorney General	32,153	103	3/4	32,256	159	10	32,415
Auditor General	1,248	11	3	1,259			1,259
Community and Cultural Affairs	30,365	112	3/4/6	30,477	432	10/11	30,909
Development and Technology	30,637	999	3/4/5/7	31,636	4,452	10/11	36,088
Education	223,861	(3,952)	3/4/5/9	219,909	576	10/11	220,485
Environment, Energy & Forestry	6,948	5,509	2/3/4	12,457	194	10	12,651
Executive Council	2,751	1,654	3/4/5	4,405	(1,632)	10	2,773
Health and Social Services	428,319	1,170	3/7	429,489	7,972	10/11	437,461
Legislative Assembly	3,480		2/3	3,480			3,480
Provincial Treasury	37,130	(5,119)	3/4/5/6/8	32,011	51	10/11	32,062
Public Service Commission	16,576			16,576			16,576
Tourism	18,167	(458)	3/4/5/8	17,709	4,464	10/11	22,173
Transportation and Pub Works	72,695	6,607	1/3/5/9	79,302	61	10	79,363
Capital Expenditures	26,250	(26,250)	9	-			-
Interest Charges on Debt	106,635			106,635	2,769	11	109,404
Program Review	(9,500)			(9,500)			(9,500)
Amortization of Capital Assets	-	24,318	9	24,318			24,318
Total Expense	**1,066,354**			**1,065,111**			**1,099,187**
	(33,770)			**(34,027)**			**(33,077)**
Effect of Change in Capital Asset Policy	(257)	257	9	-			-
Net Surplus of Crown Entities	950			950	(950)	11	-
Consolidated Deficit	**(33,077)**			**(33,077)**			**(33,077)**

1 - Transfer of Capital Revenue
2 - Transfer of Forestry to Environment and Energy from Agriculture, Fisheries, Aquaculture and Forestry.
3 - Transfer of $6.1 million to various Departments from Provincial Treasury for salary negotiations.
4 - Transfer of $1.8 million to Provincial Treasury from various Departments for finance administration.
5 - Transfer of $1.7 million to Executive Council from various Departments for policy and planning.
6 - Transfer of $223 thousand from Provincial Treasury to Community and Cultural Affairs for Grants Program.
7 - Transfer of $1.4 million from Health and Social Services to Development for the Job Creation Program.
8 - Transfer of $65 thousand from Provincial Treasury to Tourism for Grants Program.
9 - Restatement of Tangible Capital Asset transactions.
10 - Adjust for changes described in 4, 5, 6, 7 and 8 which do not relate to 2004-2005.
11 - Allocation of Crown Entities' Budgets

This schedule outlines the changes in the Province's 2004-2005 Budget resulting from the re-allocation of funds within Departments. The information is taken from the Province of PEI Estimates of Revenue and Expenditure for the years 2004 and 2005. The column under 2005 Unaudited Revised Estimates is the budget information provided in the Consolidated Statement of Operations (Page 12).